

Message Text

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ACTION EA-14

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 4242

C O N F I D E N T I A L JAKARTA 10951

E.O. 11652: GDS

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SUBJECT: CASEY-SUHARTO MEETING

1. PRESIDENT SUHARTO RECEIVED EXIMBANK CHAIRMAN CASEY AND AMBASSADOR SEPTEMBER 4 FOR HALF HOUR MEETING. MINISTER OF FINANCE (WARDHANA) AND PLANNING (WIDJOJO) ALSO PRESENT.

2. PRESIDENT, WHO HAD ALREADY BEEN BRIEFED ON DISCUSSIONS BETWEEN CASEY AND MINISTERS, EXPRESSED APPRECIATION FOR CASEY'S VISIT AND FOR POSITIVE ATTITUDE OF EXIM BANK. PRESIDENT SUHARTO EXPLAINED THAT INDONESIA'S FIRST FIVE-YEAR PLAN HAD CONCENTRATED ON AGRICULTURE AND INDUSTRIALIZATION AND HAD LAID FOUNDATION FOR SECOND FIVE-YEAR PLAN NOW UNDERWAY. PREOCCUPATION IN SECOND FIVE-YEAR PLAN IS TO REDUCE INDONESIA'S DEPENDENCE ON HIGH COST IMPORTS, PARTICULARLY FOOD. AS EXAMPLES HE MENTIONED NEED FOR SUGAR MILLS AND FERTILIZER. HE SAID SECND PREOCCUPATION IS WITH HEAVY HSPULATION ON JAVA AND NEED TO MOVE SUBSTANTIAL PART OF JAVANESE POPULATION TO OTHER ISLANDS. IN THIS CONNECTION HE STRESSED IMPOR- TANCE OF EQUIPMENT FOR LAND RECLAMATION WHICH WILL PERMIT TRANSMIGRATION AND INCREASED FOOD PRODUCTION.

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3. CHAIRMAN CASEY NOTED HIS SATISFACTION WITH WELL

PREPARED TALKS WHICH HE AND HIS STAFF HAD CONDUCTED WITH APPROPRIATE MINISTERS. HE SAID HE WAS IMPRESSED WITH OPPORTUNITY WHICH EXISTED FOR LONG TERM BUSINESS RELATIONS BETWEEN U.S. AND INDONESIA IN WHICH EXPORT-IMPORT BANK COULD PLAY IMPORTANT ROLE. MR. CASEY REVIEWED NATURE OF BANK'S ACTIVITIES AND LIMITATIONS IN TOTAL LENDING IMPOSED BY CONGRESS. HE STATED BANK'S READINESS TO GIVE EARLY CONSIDERATION TO DOMESTIC SATELLITE PROJECT, GRESIK CEMENT AND POWER PLANTS AND TO LOOK AT OTHER POSSIBILITIES AS THEY BECOME READY. HE STRESSED NEED FOR PHASING OF FINANCING OF EQUIPMENT PURCHASES OVER SEVERAL YEARS, AS EQUIPMENT IS NEEDED, IN ORDER MAKE MAXIMUM USE OF BANK'S LENDING CAPACITY.

4. PRESIDENT COMMENTED ON INDONESIA'S POTENTIAL AND DESIRE FOR DEVELOPMENT OF ITS RESOURCES, BOTH FOR PURPOSES OF INCOME AND EMPLOYMENT. CHAIRMAN CASEY STATED INDONESIAN RESOURCES PROVIDED BASIS FOR COMMON INTEREST BETWEEN TWO COUNTRIES SINCE U.S. HAD CAPITAL EQUIPMENT AND EXPERTISE AND USED LARGE AMOUNT OF MATERIALS. HE REITERATED DESIRE FOR LONG TERM RELATIONSHIP WITH BANK AND SAID HE LOOKED FORWARD TO FURTHER DISCUSSIONS WITH FINANCE MINISTER WARDHANA WHEN LATTER COMES TO WASHINGTON FOR WORLD BANK AND INTERNATIONAL MONETARY FUND MEETING.

5. COMMENT: PRESIDENT SUHARTO WAS IN RELAXED AND FRIENDLY MOOD, SUGGESTING HIS SATISFACTION WITH BRIEFING ON CASEY TALKS WHICH HAD BEEN GIVEN HIM BY MINISTERS WARDHANA AND WIDJOJO. POSITIVE TONE OF CHAIRMAN CASEY'S APPROACH HAS, HOPEFULLY, REINFORCED PRESIDENT'S CONFIDENCE IN CONTINUING U.S. INTEREST IN INDONESIA'S DEVELOPMENT.

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